

DOCUMENT RESUME

ED 171 176

HE 011 110

TITLE Corporate Support of Higher Education, 1977.
 INSTITUTION Council for Financial Aid to Education, New York, N. Y.
 PUB DATE Jan 79
 NOTE 29p.
 AVAILABLE FROM Council for Financial Aid to Education, 680 Fifth Avenue, New York, NY 10019 (\$3.00 prepaid)
 EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
 DESCRIPTORS *College Students; *Educational Finance; Enrollment Trends; Expenditure Per Student; Grants; *Higher Education; *Industry; National Surveys; *Private Financial Support; *School Industry Relationship; Trend Analysis

ABSTRACT

Some of the results of the fourth Annual Survey of Corporate Contributions are presented in this report on corporate support of higher education for 1977. Usable questionnaires were returned by 816 companies. A discussion of national trends considers corporate support of higher education vs. college and university expenditures, increased student enrollment, increased expenditures per student, the impact of inflation, and prospects for future declines in expenditures per student. Survey findings concern the following: contributions in relation to financial data, the functioning of company foundations, educational support by size of company, educational support by marketing area, and educational support by purpose. It is shown that capital grants declined in importance in 1977 and that support through matching gifts are growing. The purposes of educational support and dollar amounts and the purposes of educational support by industry by total dollar amounts and percentage distributions are included. The problem of measuring corporate contributions is discussed, and information about the survey report (including definitions and biases) is presented. (SW)

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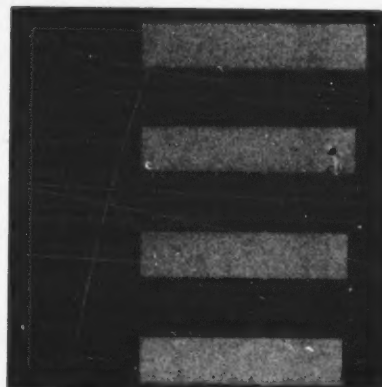
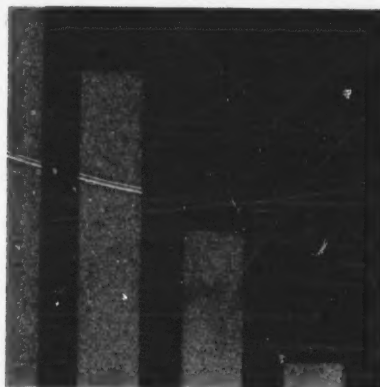
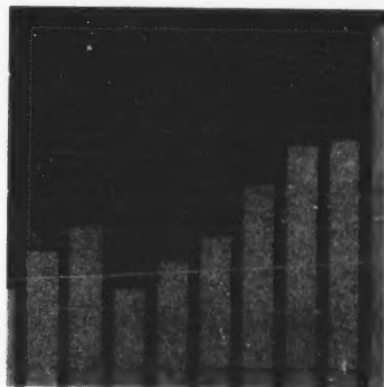
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Corporate Support of Higher Education 1977

Highlights

National Estimates

Dollar Amount a New High. Estimated corporate support of education amounted to \$610 million in 1977, a new high. Up \$60 million over 1976, an increase of 10.9%.

Page 4

Biggest Two-Year % Gain since 1952-54. Up \$160 million in 1977 over 1975, an increase of 35.6%.

Page 4

No Gain in Percentage of Pretax Net Income given to education. This remained at 0.35%, the same level as in four of the five years since 1972. Between 1960 and 1972, it ranged from 0.37% to 0.45%.

Page 4

Little Change in Education's Share of total corporate contributions. It was 35.9% in 1977, which compares to an average of 36.5% from 1960 to 1972.

Page 5

Survey Results

816 Companies, a record number, participated in the 1977 Survey. They accounted for about $\frac{2}{3}$ of all corporate profits and $\frac{1}{3}$ of all corporate support of education.

Page 9

Primary Metal Industry, with 1.628%, ranked first in percentage of pretax net income given to education.

Page 14

Minneapolis-St. Paul, with 0.406%, ranked first among marketing areas in percentage of pretax net income given to education.

Page 18

Capital Support Grants, as a share of corporate educational support, dropped from 17.8% in 1976 to 15.7% in 1977.

Page 19

Unrestricted Operating Grants, as a share of corporate support of education, have declined from 20.5% in 1974 to 17.6% in 1977.

Page 19

Matching-Gift Programs have increased from 8.2% in 1974 to 11.4% in 1977 as a share of the total.

Page 19

Department and Research Support accounted for about one-sixth of total educational support in 1977. No significant change since 1974.

Page 20

Student Support continues to account for about one-sixth of total corporate support of education.

Page 20

More Company Foundations. Since the passage of the Tax Reform Act of 1969, more companies appear to have established new foundations than have terminated old ones.

Page 11

Appendix

The Internal Revenue Service's Tabulation of total corporate contributions is now known to differ in significant ways from actual corporate charitable giving.

Page 22

About this Report; definitions and biases.

Page 23

An Open Letter to the American Business Community

As a newcomer to the corporate aid-to-education movement, I find the information in this report to be of special interest. One gets many different kinds of impressions from an initial exposure to such information, and I want to take this opportunity to share with you some of the reactions that came to mind.

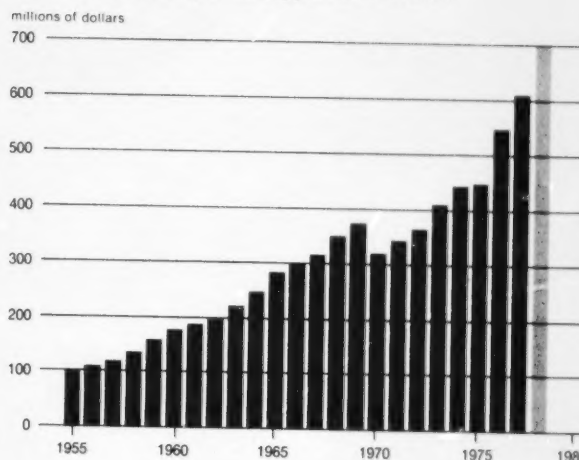
800 Companies Supplied Figures

Let me begin by saying how impressed I was to learn that as many as 800 of America's largest corporations participated in this, the fourth annual *Survey of Corporate Contributions*. Given that the business community must cope with a tidal wave of forms, reports, and questionnaires from both governmental agencies and a broad spectrum of private organizations, I find it gratifying that so many firms are willing to spend the time and effort necessary to complete the one that CFAE and The Conference Board have developed for this project. It is not an easy form to fill out, and the willingness of such a large number of companies to take part in this effort tells something about the value that they put on the availability of useful and reliable information concerning corporate giving. I hope that with the passage of time an ever-larger number of companies will join in providing this information, for it is essential that our information base be as large as possible if our figures are to be as authoritative as possible.

Remarkable Growth of Giving

I was also impressed with the magnitude of the past and recent growth of both total corporate giving and corporate support of education. As the data show, **total corporate contributions in 1977 were \$1.7 billion—more than four times as great**

Chart 1
Estimated Total Corporate Support of Education



as they were in 1952 and more than double the level of 1967. In the case of educational support, the 1977 figure is \$610 million—nearly nine times as great as the 1952 figure and almost double what it was ten years ago. Our research staff tells me that 1978 will show further increases of the order of 15%, which implies nearly \$2 billion in total contributions and about \$700 million in educational support. These amounts are impressive as an indication of the response of the corporate world to the needs of today's society.

More Needs to be Done

Yet I am concerned that what has been done is not enough. **Corporate support of education appears to be much too low in relation to what business should be doing to preserve its own stake in the vitality and independence of higher education, much too low in relation to what business can do,**

and much too low in relation to the needs of our colleges and universities.

As a percentage of pretax net income, corporate support of education in each of the past five years has been lower than it was throughout the 1960s. In view of the urgent needs of our colleges and universities, I am deeply concerned that this is so. Certainly the importance of higher education to the corporate world is not lower than it was, and it is clear that the financial problems of the institutions of higher education have not eased.

Building Bridges and Planning

Fortunately there are indications of a current renewal of the kind of dedication that the business leaders of 1952 felt when they conceived and launched the Council for Financial Aid to Education.

One of these indications is the growth in recent years of dialogue and understanding between town and gown. Both businessmen and academics are moving to bridge the gap between the world of industry and commerce on the one hand and our colleges and universities on the other. The result of this increasing involvement will be an increasing flow of funds from the corporation to the campus as business learns that its own well-being and future are at stake.

Another indication is the growth of a more formal approach to educational support. One hears now of companies developing explicit policy statements in this area, of boards of directors creating committees with policy guidance and oversight responsibilities, of long-range planning and targeting. All this is good news indeed, for it indicates that business is beginning to give the same attention and care to educational support as it has traditionally given to production, sales, and profits.

This leads to the last of my initial impressions. I was actually startled to discover that the corporate "investment" in higher education amounts to a scant 1% of the total current and capital budgets of our colleges and universities. By contrast, funding to higher education from federal, state, and local governments amounts to well over 50%—and the figure is growing.

Clearly, corporate aid to education cannot compete with public support of education as a major source of subsidy for the total cost of education. What it can do and should do is to provide that added margin of funding which can make the difference between excellence and mediocrity in higher education.

A Goal for Educational Support

My suspicion is that the minimum needed to accomplish this is roughly double the current level of corporate support of higher education. To put it another way, I believe it would be desirable if corporate aid to our colleges and universities were closer to 2% of total institutional expenditures—the level that actually prevailed prior to the mid-1960s. In today's terms, this represents something of the order of a billion dollars, about one-half of one percent of corporate pretax net income. This appears to be a reasonable and realistic goal. If achieved, it will be a clear signal that American business intends to do its part to maintain the independence, diversity and excellence that has been the hallmark of higher education for more than 300 years.

John R. Haire
President
CFAE

Part I

National Trends in Corporate Support of Education

Total corporate support of education in 1977 is estimated at \$610 million, a gain of \$60 million, or 10.9%, over 1976. Taken together with the 22.2% rise in 1976, the two-year gain from 1975 to 1977 amounts to \$160 million, or 35.6%. This is the largest two-year increase since 1952-54 when the aid-to-education movement in American business was in its initial phase.

As significant as this development is, the recent gains in corporate support of education have been smaller than the growth of corporate pretax net income (PTNI) and smaller than the rise of total contributions as reported for corporate income tax purposes. According to U.S. Department of Commerce estimates, corporate profits before taxes amounted to \$173.9 billion in 1977, up 11.5% over 1976 and 44.4% over 1975. As a percentage of

PTNI, therefore, corporate support of education, which was 0.37% in 1975, decreased to 0.35% in 1976 and 1977.

Revised estimates of total corporate giving for all purposes indicate higher levels in 1975 and 1976 than previously believed, and these new figures, taken in conjunction with a 1977 estimate of \$1.700 billion, imply an increase of 16.0% over 1976 and 41.4% over 1975. As a percentage of total contributions, corporate support of education, which was 37.4% in 1975 and 37.5% in 1976, decreased to 35.9% in 1977. These figures, and their historical counterparts, are shown in Table I.

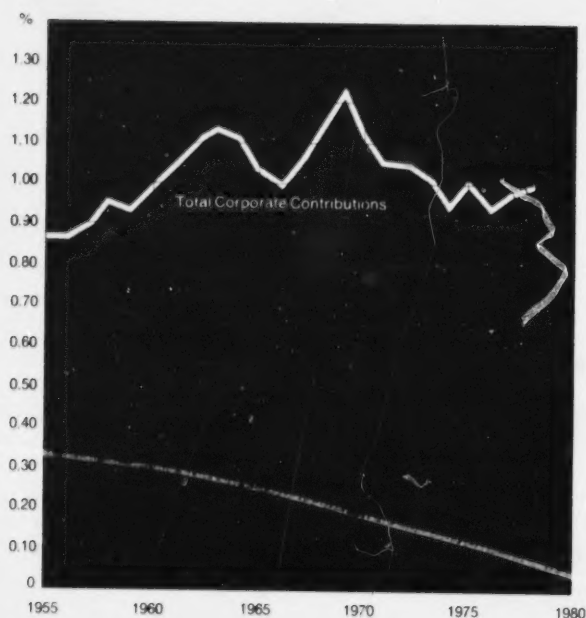
As is discussed in Appendix I, the figures relating to total corporate contributions that are tabulated by the Internal Revenue Service are conceptually different from the corporate community's net gifts and grants to the charitable community and are therefore not quite comparable to the estimates of corporate support of education. Moreover, the estimates of total corporate contributions, the percentages of total contributions to PTNI, and the percentages of educational support to total contributions shown in Table I are not comparable to the Survey data presented in Part II of this report.

Table I
National Trends in Corporate Pretax Net Income and Contributions

Year	Corporate Pretax Net Income* (billions of dollars)	Corporate Contributions (millions of dollars)		Contributions as a Percentage of Corporate Pretax Net Income		Educational Support as a Percentage of Total Contributions
		Total**	Education***	Total	Education	
1950	42.6	252	43	0.59	0.10	17.1
1951	43.9	343	55	0.78	0.13	16.0
1952	38.9	399	68	1.03	0.17	17.0
1953	40.5	495	80	1.22	0.20	16.2
1954	38.1	314	93	0.82	0.24	29.6
1955	48.4	415	105	0.86	0.22	25.3
1956	48.6	418	113	0.86	0.23	27.0
1957	46.9	419	120	0.89	0.26	28.6
1958	41.1	395	137	0.96	0.33	34.7
1959	51.6	482	160	0.93	0.31	33.2
1960	48.5	482	178	0.99	0.37	36.9
1961	48.6	512	190	1.05	0.39	37.1
1962	53.6	595	200	1.11	0.37	33.6
1963	57.7	657	225	1.14	0.39	34.2
1964	64.7	729	250	1.13	0.39	34.3
1965	75.2	785	283	1.04	0.38	36.1
1966	80.7	805	300	1.00	0.37	37.3
1967	77.3	830	315	1.07	0.41	38.0
1968	85.6	1,005	355	1.17	0.41	35.3
1969	83.4	1,055	375	1.26	0.45	35.5
1970	71.5	797	320	1.11	0.45	40.2
1971	82.0	865	345	1.05	0.42	39.9
1972	96.2	1,009	365	1.05	0.38	36.2
1973	115.8	1,174	410	1.01	0.35	34.9
1974	126.9	1,200	445	0.95	0.35	37.1
1975	120.4	1,202	450	1.00	0.37	37.4
1976	155.9	1,465†	550	0.94	0.35	37.5
1977	173.9	1,700†	610	0.98	0.35	35.9
1978			700			

* U.S. Dept. of Commerce ** Internal Revenue Service *** CFAE † American Association of Fund-Raising Counsel (estimates)

Chart 2
Total Corporate Contributions and
Corporate Support of Education as Percentages
of Pretax Net Income



Despite this lack of comparability, the percentage figures relating total corporate contributions and educational support to pretax net income and to each other are of some interest. For the five-year period 1973-77, the percentage of educational support to PTNI has been remarkably stable at 0.35%; only in 1975 when there was a 5.1% drop in PTNI did this figure vary from the general pattern. Of greater significance is the fact that the 0.35% level is lower than the percentage for any year from 1960 to 1972.

Since corporate support of education is necessarily related to total corporate giving, it is not surprising that there has been a somewhat similar trend in the percentage of total contributions to PTNI since 1972, as shown on Chart 2. Estimated total giving by corporations rose from 0.94% of PTNI in 1976 to 0.98% in 1977. However, for each of the five years since 1972 the percentage has been lower than it was in any year between 1961 and 1972, with the exception of 1966.

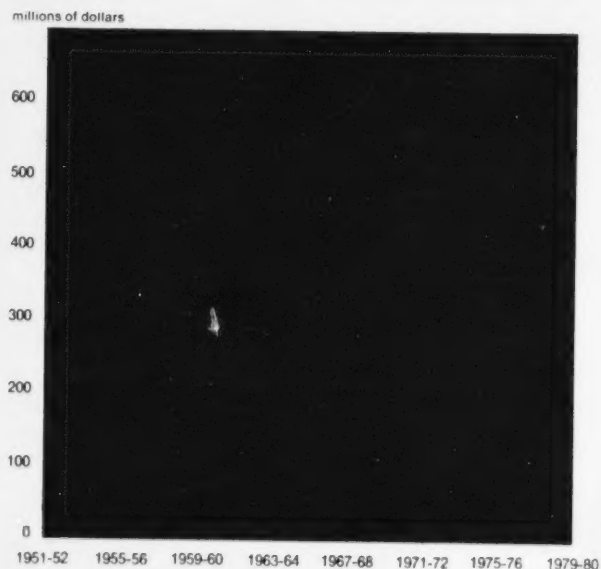
Educational support as a percentage of total corporate contributions averaged 36.5% for the 1973-77 period, which is the same as the average for the period from 1960 to 1972. Whatever the sig-

nificance of the year-to-year movements, it is clear that corporate support of education has maintained an extraordinarily stable relationship to total corporate giving over the last 17 years.

Corporate Support of Higher Education vs. College and University Expenditures

As indicated in Table VII on page 18, corporate support of the institutions of higher education (as distinguished from overall corporate support of education which includes direct support of students, support of precollege education, and support of education-related organizations) has in recent years accounted for roughly 73% of the dollar total of corporate support of education. Translating this into national terms, it would appear that approximately \$445 million of the \$610 million estimated for 1977 constitutes gifts and grants from corporations and their foundations directly and indirectly to colleges and universities. This figure is remarkably close to the amount of corporate support estimated to have been received by the institutions of higher education, as reported in *Voluntary Support of Education, 1976-77* and shown in Table II and on Chart 3. Because there are errors of estimate resulting from the sampling characteristics of both surveys, the agreement is not ordinarily quite so close.

Chart 3
Corporate Support of Colleges and Universities



Some Perspectives on Corporate Support of Higher Education

Since 1970-71 corporate support received by colleges and universities has averaged about 1% of total institutional expenditures for both current operations and capital purposes. As shown in Table II and on Chart 4, the relative importance of corporate support in the financing of higher education was substantially higher than 1% throughout the 1950s and early 1960s, and it declined steadily from about 1963 to 1970 when it reached the present level.

One of the questions of some significance to both the corporate and academic communities has to do with the prospects for a turnaround in this trend and the recovery of corporate support as a percentage of the expenditures of colleges and universities to the earlier levels, or even higher. The assessment of such prospects depends heavily on an understanding of the past quarter century's developments in this area.

An Unprecedented Quarter Century

As a point of departure, it should be noted that the growth of the expenditures of the institutions of higher education between 1951-52 and 1976-77

Chart 4
Corporate Support of Colleges and Universities
as a Percentage of Institutional Expenditures



was phenomenal by any standards. As shown on Chart 5, such expenditures rose from less than \$3 billion in 1951-52 to about \$50 billion in 1977-78, a 26-year increase of 1,600%, or 11.6% per year on the average. This exceeds by a wide margin the rates of growth of population, student enrollment, the national economy, corporate earnings, and virtually every other relevant index. Two observations about this very high rate of growth: (1) it reflects a very special period in the history of higher education, one that has now come to an

Table II
Corporate Support of Colleges and Universities in Relation to
Total Voluntary Support and Institutional Expenditures

Year	Total Expenditures of Institutions of Higher Education* (billions)	Voluntary Support of Institutions of Higher Education** (millions) Total	Corporate	Voluntary Support as a Percentage of Institutional Expenditures Total	Corporate	Corporate Support as a Percentage of Total Voluntary Support
1951-52	\$ 2.9	\$ 297	\$ 40	10.2%	1.4%	13.4%
1952-53	3.1	350	50	11.3	1.6	14.3
1953-54	3.4	394	60	11.6	1.8	15.2
1954-55	3.7	475	65	12.8	1.8	13.6
1955-56	4.1	575	75	14.0	1.8	13.0
1956-57	4.9	840†	87	17.1	1.8	10.4
1957-58	5.3	715	90	13.4	1.7	12.6
1958-59	6.2	760	119	12.3	1.9	15.7
1959-60	6.7	815	130	12.1	1.9	16.0
1960-61	7.7	900	147	11.7	1.9	16.3
1961-62	8.5	950	154	11.2	1.8	16.2
1962-63	10.2	1,050	169	10.3	1.7	16.1
1963-64	11.3	1,215	182	10.8	1.6	15.0
1964-65	12.9	1,400	196	10.9	1.5	14.0
1965-66	15.2	1,440	230	9.5	1.5	16.0
1966-67	17.5	1,480	249	8.5	1.4	16.8
1967-68	19.9	1,600	250	8.0	1.3	15.6
1968-69	22.0	1,800	272	8.2	1.2	15.1
1969-70	24.7	1,780	269	7.2	1.1	15.1
1970-71	27.1	1,860	259	6.9	1.0	13.9
1971-72	29.2	2,020	275	6.9	0.9	13.6
1972-73	31.4	2,240	318	7.1	1.0	14.2
1973-74	34.3	2,240	354	6.5	1.0	15.8
1974-75	38.9	2,160	357	5.6	0.9	16.5
1975-76	42.7	2,410	379	5.6	0.9	15.7
1976-77	45.5	2,670	446	5.9	1.0	16.7
1977-78(preliminary)	50.0	3,000	500	6.0	1.0	16.7

* U.S. Department of Health, Education, and Welfare.

** Estimates of CFAE from Surveys of Voluntary Support of Education, from government documents, and from other sources. Some of the data prior to 1964-65 reflect interpolations of biennial data.

† Includes roughly \$200 million in nonrecurring faculty salary endowment grants received from the Ford Foundation.

end, and (2) sooner or later the disparity between it and the growth rates in other sectors of society must disappear.

The Upsurge of Enrollment

The special characteristics of higher education's last 25 years are readily apparent. Student enrollment, for example, increased by a factor greater than four—from about 2.5 million to more than 11 million. This fact alone implies the need for reproducing the entire 300 years of prior growth not once, or twice, but three times, all in the short span of two and a half decades. Much of the upsurge in expenditures, therefore, reflects an extraordinary rate of capital investment in new campuses, new physical plant, new facilities and new equipment of an enormous variety. All this was in addition to the routine need to repair, renovate, and replace existing capital to make good the physical depreciation brought about by time and

Chart 5
Total Expenditures of
Institutions of Higher Education

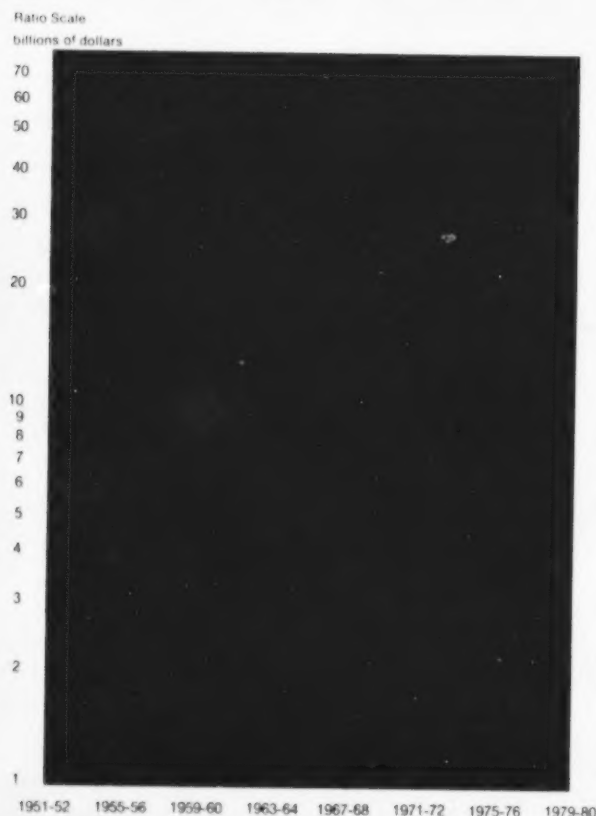
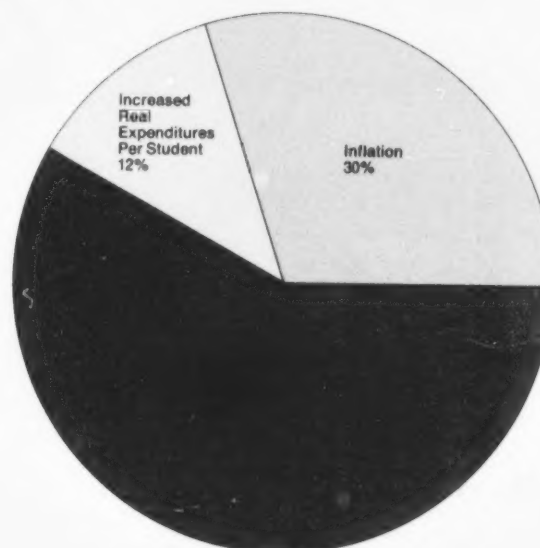


Chart 6
Contributing Factors to the Growth of
College and University Expenditures
26 Years — 1951-52 to 1977-78



the obsolescence brought about by changes in educational technology.

Increased Expenditures per Student

The growth of expenditures reflects not only the increase in the sheer number of students but also some rise in the real expenditures per student (i.e., measured in constant prices). Some of this growth, in turn, is due in part to the expansion of capital requirements, some is due to federally funded research, and some is due to changes in the character of the student population. The growth of graduate-level study, for example, has greatly exceeded the growth of undergraduate study, and graduate instruction is inherently more costly than undergraduate instruction. Furthermore, the growth of enrollment reflects the expansion of educational opportunities to entirely new segments of the population, including students who by previous standards were severely disadvantaged in terms of educational preparation, and this, too, caused some rise in the real cost of education per student.

The Impact of Inflation

Finally, there is the matter of inflation. The 25-year expansion of higher education took place in a climate of rising prices which, because of the labor-intensive character of education, impinged with special severity on the budgets of colleges

and universities, particularly toward the end of this period of growth.

In retrospect, it is possible to allocate a share of the overall rate of growth of college and university expenditures to each of these three forces. Some 58% of the growth rate is due to the upsurge of student enrollment, about 12% is due to the rise of real expenditures per student, and nearly 30% is due solely to inflation. Although the future course of inflation is highly unpredictable, it is clear that the other factors will exert little or no upward pressure on expenditures in the 1980s.

Enrollment to Taper Off

Enrollment, for example, is widely forecast to taper off and then to decline moderately as a result of demographic factors, primarily the decline in the birth rate which began in the late 1950s and has already caused significant decreases in primary and secondary school enrollment. Indeed, the expansion in the number of college and university students has already slowed appreciably, and in recent years most of the continued growth of enrollment has involved greatly expanded numbers of part-time students.

Expenditures per Student Declining

Real expenditures per student have already turned downward. In the past ten years, such expenditures have decreased by more than 15%, due in part to a marked slowing of capital investment in higher education and a decline in the relative importance of federally financed research, and in part to a sort of equilibrium in the student mix. This factor will be affected by future developments in educational technology, such as computer-assisted instruction and the educational use of television, but the adoption of such technologies is more a function of the availability of funds than of their inherent virtues.

For all these reasons, therefore, the growth of college and university expenditures in the future is virtually certain to be slower than in the past. But it is more than the coming to an end of a very spe-

cial period in the history of higher education and the emergence of a new and vitally different set of circumstances related to higher education itself. The rate of growth of the expenditures of the institutions of higher education will inevitably diminish simply because it has been too high relative to other social indices to be maintained indefinitely. A multitude of other social concerns, such as poverty, health, pollution, and energy, have slowly gained relative to education in terms of priorities. The share of society's resources allocated to higher education appears now to have reached the point beyond which no further gain can be achieved, because of this changing mix of social priorities.

Importance of Corporate Support to Rise

This being the case, it is clearly possible, even probable, that corporate support of higher education will rise as a percentage of college and university expenditures. Given that the growth of expenditures will slow down in the near future, it is necessary only to maintain the recent rate of growth of corporate support of higher education. Should there be any acceleration in the growth of corporate support, then its recovery as a percentage of educational expenditures will occur more rapidly. The prospects for maintaining recent growth rates are excellent, and the prospects for an acceleration of growth are fair.

This assessment rests on the assumption that corporate pretax income will continue to grow at rates characteristic of the 1960s and 1970s—roughly 8% per year, on the average. It also reflects the observation that since 1971 corporate support of education has declined slightly as a percentage of total corporate contributions and that total corporate contributions have declined as a percentage of pretax net income. The expectation of moving both of these percentages back to their earlier levels, and possibly even higher, is bound up with the trends toward greater top management involvement, corporate planning in the contributions area, and the setting of goals for corporate support of education.

Part II

The Survey Findings

In the following pages, the figures reflect the information provided by the 816 companies participating in the fourth Annual Survey of Corporate Contributions. The relationship between these figures and the national estimates presented in Part I is discussed in Appendix II.

Summary for 1977

Although the dollar total of contributions reported for 1977 was significantly greater than the amount reported for 1976, the percentage increase was slightly smaller than the percentage gain of cor-

porate pretax net income, with the result that contributions declined somewhat as a percentage of PTNI. And while the year-to-year gain in corporate support of education was appreciable, the percentage increase was smaller than that for total contributions. Consequently, corporate support of education declined both as a percentage of total contributions and as a percentage of PTNI.

A grand total of \$595.7 million in charitable contributions was reported by the 816 companies in the 1977 Survey. The distribution of total giving, by purpose, is shown in Table A, together with similar data from the 1976 and 1975 Surveys. The dollar total shown for 1977 is 15.1% more than shown for 1976 and 36% more than reported in 1975. Educational support in 1977 was greater by 14.0% percent in comparison to 1976 and 38.4% in comparison to 1975.*

Table A
Distribution of Corporate Contributions

	1977 814 companies (millions)		1976 773 companies (millions)		1975 796 companies (millions)	
Health and Welfare	\$227.6	38.3%	\$203.1	39.3%	\$180.0	41.2%
Education	212.3	35.7	186.2	36.1	153.4	35.1
Culture and Art	53.2	9.0	42.2	8.2	33.0	7.6
Civic Causes	68.3	11.5	57.0	11.0	45.2	10.3
Other	32.5	5.5	27.7	5.4	25.2	5.8
	\$593.9	100.0%	\$516.2	100.0%	\$436.8	100.0%

Contributions in Relation to Financial Data

Table B shows the respondents' contributions data in relation to their total (worldwide) income, assets, and sales for each of the last four years. Similar data on a domestic basis (U.S. Only) are shown in Table C.**

The worldwide figures generally reflect the information given in the companies' own financial statements as reported to stockholders, the financial community, and public authorities, and are

Table B
Total Contributions and Educational Support in Relation to "Worldwide" Pretax Net Income, Assets, and Sales

	1977 749 companies (000 omitted)	1976 727 companies (000 omitted)	1975 741 companies (000 omitted)	1974 732 companies (000 omitted)
Total Contributions	\$ 573,517	\$ 501,691	\$ 417,994	\$ 420,128
Support of Education	204,127	181,953	149,148	147,659
Pretax Net Income	119,966,200	103,295,200	77,943,200	85,258,800
Total Assets	1,939,027,600	1,689,047,500	1,443,851,600	1,373,024,800
Net Sales	1,220,759,200	1,014,639,000	874,517,400	848,496,200
Total Contributions as a Percentage of:				
Pretax Net Income	0.478	0.486	0.536	0.493
Total Assets	0.030	0.030	0.029	0.031
Net Sales	0.047	0.049	0.048	0.050
Support of Education as a Percentage of:				
Pretax Net Income	0.170	0.176	0.191	0.173
Total Assets	0.011	0.011	0.010	0.011
Net Sales	0.017	0.018	0.017	0.017
Support of Education as a Percentage of:				
Total Contributions	35.6	36.3	35.7	35.1

* The data for 1976 differ slightly from those presented in the 1976 Survey report, *Corporate Support of Higher Education, 1976*, because of a significant reporting error on the part of one company. In all the tabular material in this 1977 Survey report, the 1976 figures have been adjusted for this error in order to ensure comparability.

** It should be noted that a significant number of multinational companies did not report both their "Worldwide" and their "U.S. Only" financial data.

consistent with the tabulated data on corporate finance reported by various U.S. government agencies. The 749 companies reporting these data for 1977 showed very significant gains over the amounts reported by the participating companies in the three previous years. In comparison to 1976, the 1977 data show 14.3% more in total contributions and 12.2% more in support of education. The total PTNI was 16.2% greater, and there were gains of 14.8% and 20.3% for total assets and net sales, respectively. In 1977, for the second year in a row, the percentages of total contributions and educational support declined in relation to PTNI; the changes in relation to total assets and net sales were not significant. Corporate aid to education accounted for 35.6% of the total contributions dollar in 1977 as compared to 36.3% in 1976, 35.7% in 1975, and 35.1% in 1974.

Since the worldwide figures include the income, assets, and sales attributable to the foreign operations of multinational companies, and the contributions data exclude gifts and grants made outside the United States, it is of interest to relate corporate contributions also to "U.S. Only" financial information. Although there are no national data for all corporations available on this basis, Table C shows this information for the companies that supplied those figures in the Surveys for the last four years.*

Table C
Total Contributions and Educational Support in Relation to
"U.S. Only" Pretax Net Income, Assets, and Sales

	1977 552 companies (000 omitted)	1976 531 companies (000 omitted)	1975 522 companies (000 omitted)	1974 547 companies (000 omitted)
Total Contributions	\$ 317,386	\$ 279,319	\$ 215,155	\$ 231,452
Support of Education	105,447	90,049	70,731	75,044
Pretax Net Income	56,553,100	45,830,600	30,683,700	34,726,300
Total Assets	1,088,750,400	931,750,700	663,909,600	738,866,600
Net Sales	588,315,900	465,280,800	352,841,500	383,556,200
Total Contributions as a Percentage of:				
Pretax Net Income	0.561	0.610	0.701	0.667
Total Assets	0.029	0.030	0.032	0.031
Net Sales	0.053	0.060	0.061	0.060
Support of Education as a Percentage of:				
Pretax Net Income	0.187	0.200	0.231	0.216
Total Assets	0.010	0.010	0.011	0.010
Net Sales	0.018	0.019	0.020	0.020
Support of Education as a Percentage of:				
Total Contributions	33.2	32.2	32.9	32.4

* The reader is cautioned against any attempt to derive meaningful percentages by subtracting the figures in Table C from the corresponding figures in Table B. Although the differences between the contributions figures do apply to the multinational companies that did not supply "U.S. Only" figures, the same is not true of the differences be-

The Functioning of Company Foundations

The contributions data from this Survey include unique information on the flow of funds into and out of company-sponsored foundations. As indicated in Appendix II, the figures used in this report are adjusted to show the net contributions of companies and their foundations. These data are shown in Table D.

More than 40% of the companies in the 1977 Survey reported having a company-sponsored foundation, six out of seven of which were established prior to 1970 when the Tax Reform Act of 1969 went into effect. Since that legislation imposed new and stringent rules on private foundations generally, there has been much interest in its impact on the willingness of business corporations to establish and maintain such entities as mechanisms for the disbursement of corporate philanthropy. The 1977 Survey throws some light on this question.

There were 46 companies that reported having established a foundation since 1969, 20 of which were created in the last three years. Some 27 companies reported having terminated their foundations since 1970, and 13 of these terminations occurred in 1975, 1976, and 1977. It would appear, therefore, that the Tax Reform Act of 1969 has not, on balance, had a negative impact on the willing-

tween the corporate financial data. This arises from the fact that the worldwide financial data include not only the foreign income, assets, and sales of the multinational companies that supplied figures on a "U.S. Only" basis, but also the total income, assets, and sales of those that did not supply such figures.

ness of the corporate community to utilize these entities for giving purposes.

While the total number of such foundations in existence is not known precisely, it is believed to be roughly 700, so that those included in the Survey account for about half of the total. And while the data for all corporate-sponsored foundations are not available, the dollar figures for those included in the Survey undoubtedly account for a very large fraction, perhaps as much as three-fourths, of the total. The Survey data, therefore, give an important indication of the role of these foundations in the flow of corporate philanthropy.

The actual contributions reported by 793 companies in 1977 amounted to nearly \$640 million, or 21.1% more than the amount reported by 743 companies in 1976. However, the 1977 figure includes \$285 million which was given to corporate foundations, some 37.3% more than the \$207.7 million given to such foundations in 1976. Excluding these grants to company foundations, \$354.8 million in contributions and gifts were made directly to charitable beneficiaries in 1977, 10.7% more than reported in 1976. These direct corporate gifts accounted for 59.6% of total corporate contributions reported for 1977, as compared to 62.1% for 1976.

The remainder (40.4% in 1977, 37.9% in 1976) of the total represents the contributions made by company-sponsored foundations. The actual disbursements reported for 341 such foundations in 1977 amounted to nearly \$241 million, or 23.1% more than was reported for 320 foundations in 1976. It is of interest to note that out of 793 companies that reported some company giving in 1977, 62 of them made gifts only to their own sponsored foundations; on the other hand, there were 23 companies all of whose giving was solely that made by their foundations.

This picture illustrates the way in which foundations are used by the corporate community to smooth out the level of its contributions over the

course of a business cycle. As the figures in Table D indicate, some \$44.2 million more was given to company foundations than was disbursed by them in 1977. This contrasts sharply with 1975 when \$55.2 million more was given by company foundations than was received by them from their sponsoring corporations. The 1975 picture reflects a year in which corporate profits were depressed and company giving was reduced. With the recovery of corporate profits in 1976 and the further expansion in 1977, there was a substantial increase in company giving both for the purpose of expanding the level of contributions and for the purpose of rebuilding the reserves of company-sponsored foundations.

The 1977 "excess" of foundation receipts over foundation disbursements, which amounted to \$44.2 million, represents an increase in the foundations' assets which will enhance their giving capability in 1978 and later years. This is a normal pattern for a year in which corporate earnings are high and rising. And it is through this practice that the corporate community provides the ultimate recipients of its contributions with a kind of "buffer" against some future year when corporate PTNI takes a cyclical downturn, thus insuring a kind of continuity and stability that would not exist in the absence of the company foundation.

Education Off Slightly as Percentage of Total Contributions

For the companies participating in this Survey, the most meaningful indication of the year-to-year changes is provided by a core group of companies that reported comprehensive data in both 1976 and 1977. There were 531 such companies, and the comparative results are shown in Table III together with a breakdown by industrial groups.

Broadly speaking, these data show that both total contributions and educational support increased in 1977 approximately in step with the gain in pretax net income. For these 531 companies, the year-to-year gain in PTNI amounted to 12.9%, which was slightly less than the 13.7% rise in total contributions and a little bit more than the 12.4% increase in corporate support of education. As a result of these small differentials, total contributions increased very slightly as a percentage of PTNI, (from 0.469% in 1976 to 0.472% in 1977), and educational support showed small decreases as a percentage of PTNI (from 0.175 in 1976 to 0.174 in 1977) and as a percentage of total contributions (from 37.3% in 1976 to 36.9% in 1977).

Table D
Structure of Corporate Contributions
(millions of dollars)

	1977	1976	1975
Total company giving	\$639.9 (793)	\$528.2 (743)	\$381.6 (761)
Less: Grants to company foundations	285.1 (248)	207.7 (227)	113.3 (230)
Other company contributions	354.8 (731)	320.5 (694)	268.3 (719)
Plus: Contributions by company foundations	240.9 (341)	195.7 (320)	168.5 (322)
Total corporate contributions	\$595.7 (816)	\$516.2 (773)	\$436.8 (796)

(Numbers in parentheses are counts of non-zero answers.)

These results were far from uniform among the industry groups represented. The growth of PTNI in 1977, for example, amounted to 22.2% for non-manufacturing industries as against only 9.5% for manufacturers. Nonmanufacturing companies increased their educational support 18.1%, while those in manufacturing reported only 11.0% more for education. The increase in total contributions, on the other hand, was greater for manufacturers (14.6%) than it was for nonmanufacturers (11.5%).

It should be noted that manufacturing accounts for a very disproportionate share of all the dollar figures for these 531 companies. The total PTNI of the 286 manufacturers in this sample, for example, accounted for more than 70% of the total PTNI for all 531 companies in both 1976 and 1977; this compares with manufacturing's 46% share in the national total of PTNI for all corporations, a figure that has been stable for several years. The overall results shown in Table III, therefore, are more heavily influenced by the picture for manufacturing than is the case nationally.

The relative importance of the changes in PTNI and corporate giving between 1976 and 1977 for

these two major divisions of the core group of companies is indicated by the following comparison:

	Contributions as a % of PTNI		Educational Support as a % of total contributions
	Total	Education	
Manufacturing:			
1976	0.446	0.190	42.5
1977	0.466	0.192	41.2
Nonmanufacturing:			
1976	0.534	0.134	25.2
1977	0.487	0.130	26.6

There were comparable variations among the specific industry groups. Among the nonmanufacturers, the business services industry was the only group that did not increase its educational support as a percentage of total contributions, and for that industry the decrease was very small. The decline for manufacturers was due to large decreases in electrical machinery, fabricated metal, food, beverage & tobacco, paper & allied products, stone, clay & glass, and the textiles & apparel industries.

Table III
Support of Education, Two Survey Years
(531 Companies Participating in Both Surveys)

Industry	1977 Support of Education				1976 Support of Education				% Change 1976-1977
	Worldwide Pretax Net Income (000)	Amount	% of PTNI	% of Total Contributions	Worldwide Pretax Net Income (000)	Amount	% of PTNI	% of Total Contributions	
MANUFACTURING(286)	\$ 77,588,000	\$149,087,900	.192	41.2	\$70,830,700	\$134,284,500	.190	42.5	+11.0
Chemicals and Allied Products(47)	10,274,700	29,647,000	.289	41.4	9,867,200	26,250,700	.266	45.3	+12.9
Chemicals(33)	8,063,600	23,197,000	.288	48.3	7,918,800	20,822,100	.263	46.2	+11.4
Pharmaceuticals(14)	2,211,100	6,450,000	.292	44.8	1,948,400	5,428,600	.279	42.0	+18.8
Electrical Machinery(34)	11,565,000	23,713,700	.205	42.6	9,393,400	23,868,900	.254	50.6	- 0.7
Fabricated Metal(19)	916,200	1,777,700	.194	31.3	776,300	2,276,000	.250	38.9	-21.9
Food, Beverage & Tobacco(29)	4,221,000	9,240,200	.219	38.0	3,716,100	9,540,000	.257	42.2	- 3.1
Machinery(31)	3,531,400	6,529,200	.185	35.5	2,861,600	5,163,000	.180	32.1	+26.5
Mining(11)	284,200	1,902,600	.670	50.4	486,500	1,795,200	.369	47.2	+ 6.0
Paper and Allied Products(21)	2,306,100	5,703,900	.247	24.6	2,205,400	4,065,700	.184	29.8	+40.3
Petroleum & Gas(23)	29,787,700	36,367,200	.122	46.1	27,857,000	35,327,200	.127	47.4	+ 2.9
Primary Metal(14)	592,200	9,335,600	1.576	39.6	1,665,700	6,622,900	.398	35.4	+41.0
Printing & Publishing(6)	337,100	1,066,300	.316	37.6	269,500	865,200	.321	36.1	+23.2
Rubber(6)	627,100	1,105,700	.176	30.3	535,700	1,034,000	.193	31.2	+ 6.9
Stone, Clay & Glass(11)	922,500	2,502,200	.271	32.5	963,600	2,846,500	.295	36.4	-12.1
Textiles & Apparel(12)	818,000	2,841,600	.347	35.4	757,200	3,404,900	.450	46.6	-16.5
Transportation Equipment(22)	11,404,900	17,355,100	.152	39.6	9,475,500	11,224,300	.119	32.5	+54.6
NONMANUFACTURING(245)	30,909,400	40,113,100	.130	26.6	25,289,000	33,972,700	.134	25.2	+18.1
Banks(58)	3,844,600	7,874,200	.205	25.0	3,336,100	6,450,300	.193	22.0	+22.1
Business Services(7)	621,700	1,848,900	.297	39.2	456,800	1,595,400	.349	39.6	+15.9
Engineering & Construction(6)	792,700	847,000	.107	42.7	679,000	603,200	.089	33.9	+40.4
Finance(9)	511,000	703,900	.138	33.2	479,000	633,500	.132	30.0	+11.1
Insurance (Total)(79)	5,621,500	9,194,100	.164	31.6	3,755,600	7,430,600	.198	30.3	+23.7
Life(58)	3,920,500*	7,591,500	.194	33.6	3,019,100*	6,162,800	.204	32.4	+23.2
Property/Liability(21)	1,701,100**	1,602,600	.094	24.8	736,500**	1,267,800	.172	22.9	+26.4
Merchandising(11)	2,416,900	4,778,300	.198	17.4	1,852,700	4,230,300	.228	16.8	+13.0
Telecommunications(16)	9,562,800	8,392,900	.088	28.5	8,247,300	7,186,600	.087	27.5	+16.8
Transportation(5)	966,100	1,292,600	.134	26.8	752,300	1,114,800	.148	26.6	+15.9
Utilities(54)	6,572,000	5,181,200	.079	26.9	5,730,200	4,726,100	.083	26.7	+ 9.6
TOTAL(531)	\$108,497,400	\$189,201,000	.174	36.9	\$96,119,700	\$168,257,200	.175	37.3	+12.4

* Net gains less policyholder dividends. ** Net income less policyholder dividends and capital gains.

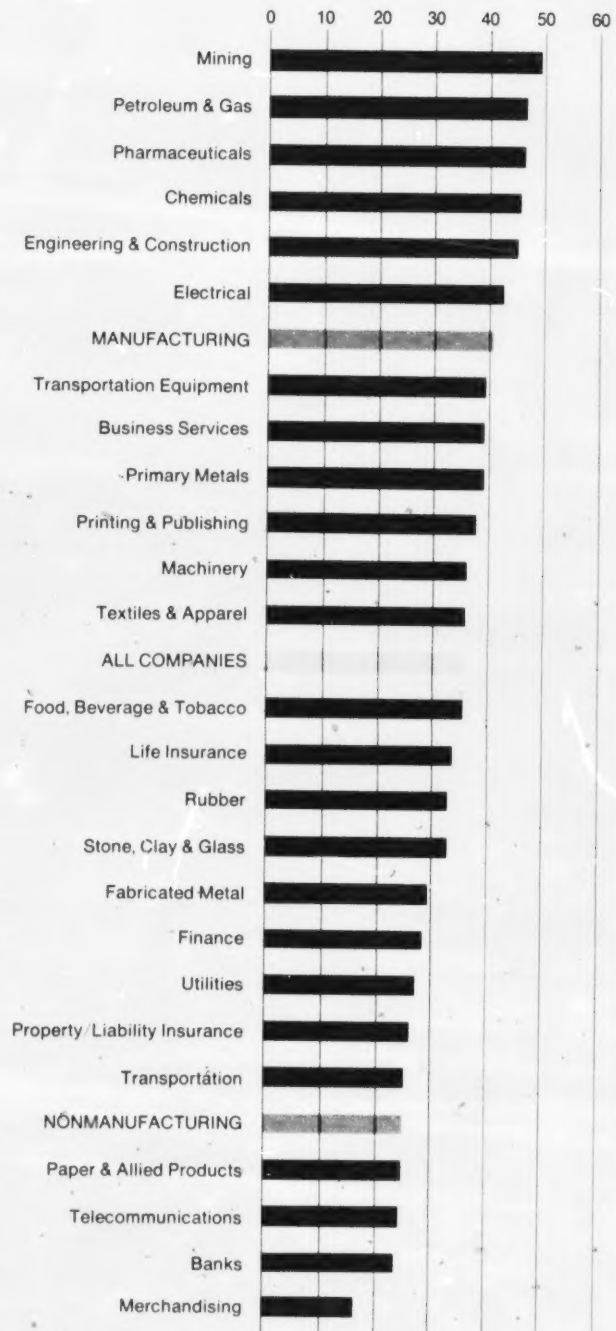
In four of these cases (electrical machinery, fabricated metal, food, beverage & tobacco, and stone, clay & glass) the decrease was associated with a decline in the dollar amount of educational support.

There were only three industries in this tabulation that reported a decline in PTNI for 1977, and these were mining, primary metal, and stone, clay & glass. Both the mining and the primary metal industries reported increased dollar support of education, so that their percentages showed very large gains. In the case of stone, clay & glass, there was a decrease of educational support, and it was greater than the decrease of PTNI. In several other manufacturing industries there were also decreases in the percentage of educational support to PTNI either because the dollar amount of aid to education decreased in the face of increased PTNI (electrical machinery, fabricated metals, and food, beverage & tobacco) or because there was an increase in dollar support of education that was smaller than the rise in PTNI (petroleum & gas, printing & publishing, rubber, and textiles & apparel). Among the nonmanufacturers, educational support increased in dollar amount for all industries, but it showed a decrease as a percentage of PTNI in several instances (business services, insurance, merchandising, transportation, and utilities) because the increases were less than the growth of PTNI.

The data in Table IV, taken in conjunction with the figures in Table III, confirm the general conclusion that both total contributions and educational support increased approximately in step with the gains in corporate financial measures, and that educational support declined slightly as a percentage of total contributions. As was indicated in Table B, there were 749 companies in the 1977 Survey that provided complete and comprehensive information on both their financial data and their contributions. The detailed figures, by industry, for this group of companies are shown in Table IV together with summary figures for the 727 companies providing comparable information in the 1976 Survey.

With one important exception, the general pattern of changes between the 1976 data and the 1977 data for these larger samples is much the same as it was for the core group of companies represented in Table III. A major difference between these larger groups and the core group relates to total contributions as a percentage of PTNI. While the core group shows an increase

Chart 7
Educational Support as a Percentage of
Total Contributions, by Industry, 1977



from 0.469% in 1976 to 0.472% in 1977, the larger groups show a decrease from 0.486% in 1976 to 0.478% in 1977.

Table IV also gives some alternate measures of giving in relation to company size. Although PTNI is the most widely used of all financial measures, assets and net sales can be used to provide a supplementary indication of giving in relation to size. As indicated at the bottom of Table IV, the percentages of both total contributions and educational support to assets were unchanged from 1976 to 1977. In relation to net sales, however, total contributions decreased from 0.049% in 1976 to 0.047% in 1977, and educational support decreased from 0.018% in 1976 to 0.017% in 1977.

The Hallmarks of Leadership

The data from the larger sample of companies shown in Table IV provide a basis for ranking the 25 industries in terms of the level of educational support as a percentage of PTNI (Table IVa) and as a percentage of total contributions (Chart 7).

When ranked by educational support as a percentage of PTNI, seven of the top ten industries in 1976 were also in the top ten in 1977. Textiles &

Table IVa
Educational Support as a Percentage of
Pretax Net Income, by Industry, 1977

	%
Primary Metal	1.628
Mining	.610
Textiles & Apparel	.331
Printing & Publishing	.310
Pharmaceuticals	.301
Chemicals	.278
Business Services	.277
Stone, Clay & Glass	.254
Paper & Allied Products	.244
Rubber	.237
Banks	.204
Electrical Machinery	.204
MANUFACTURING	
Food, Beverage & Tobacco	.191
Machinery	.187
Fabricated Metal	.180
Merchandising	.174
ALL COMPANIES	.172
Life Insurance	.170
Transportation Equipment	.159
Engineering & Construction	.156
Petroleum & Gas	.134
NONMANUFACTURING	.122
Finance	.121
Transportation	.118
Property/Liability Insurance	.110
Telecommunications	.087
Utilities	.079

Table IV
Total Contributions and Educational Support in Relation to
Worldwide Pretax Net Income, Assets, and Sales, by Industry, 1977

Industry	Pretax Net Income (000)	Assets (000)	Net Sales (000)	Total Contributions	Support of Education	Support of Welfare & Other
MANUFACTURING(386)	\$ 83,815,300	\$ 609,664,400	\$ 827,165,700	\$398,153,100	\$160,376,900	\$237,776,100
Chemicals and Allied Products(58)	11,636,400	82,711,300	95,751,300	72,605,000	32,852,600	39,752,400
Chemicals(43)	9,328,300	67,706,500	80,798,300	57,497,800	25,904,900	31,592,900
Pharmaceuticals(15)	2,308,100	15,004,800	14,953,000	15,107,200	6,947,700	8,159,500
Electrical Machinery(41)	11,879,200	69,570,100	81,528,400	57,670,000	24,220,400	33,449,600
Fabricated Metal(36)	1,681,000	15,279,800	21,043,100	9,967,300	2,916,600	7,050,700
Food, Beverage & Tobacco(40)	5,589,200	40,678,200	70,620,100	29,829,200	10,462,900	19,366,300
Machinery(49)	4,557,500	32,883,600	43,983,800	22,843,000	8,219,700	14,623,300
Mining(12)	334,300	11,111,800	6,080,300	4,199,900	2,038,600	2,161,300
Paper and Allied Products(29)	2,453,900	24,669,300	26,890,200	24,145,600	5,993,600	18,152,100
Petroleum & Gas(26)	30,045,800	196,664,500	258,122,200	79,662,700	36,748,600	42,914,200
Primary Metal(16)	575,700	29,102,300	31,720,000	23,858,400	9,375,200	14,483,200
Printing & Publishing(9)	363,800	2,110,700	2,708,900	3,007,000	1,126,600	1,880,500
Rubber(9)	851,600	13,685,700	18,880,000	6,167,000	2,019,100	4,148,000
Stone, Clay & Glass(19)	1,196,400	10,928,600	13,701,100	9,276,200	3,034,500	6,241,700
Textiles & Apparel(19)	953,400	6,750,700	11,312,800	8,808,300	3,158,900	5,649,400
Transportation Equipment(23)	11,697,100	73,517,700	144,823,500	46,113,200	18,209,700	27,903,500
NONMANUFACTURING(363)	36,151,000	1,329,363,100	393,593,500	175,363,600	43,750,000	131,613,600
Banks(91)	4,415,000	578,264,400	32,911,700*	38,218,200	8,992,100	29,226,100
Business Services(12)	693,300	15,579,200	7,815,800	4,889,900	1,921,400	2,968,500
Engineering & Construction(8)	813,400	4,933,000	8,757,200	2,425,700	1,086,200	1,339,600
Finance(16)	860,300	33,600,200	7,293,300*	3,559,600	1,015,100	2,544,500
Insurance (Total)(107)	7,428,900	394,901,800	138,135,700	31,882,500	10,004,100	21,878,300
Life(69)	4,882,100**	325,072,600	107,521,500†	23,313,600	7,777,300	15,536,300
Property/Liability(38)	2,546,800***	69,829,200	30,614,200‡	8,568,800	2,226,800	6,342,000
Merchandising(24)	3,250,800	36,615,200	67,969,200	34,594,200	5,580,800	29,013,400
Telecommunications(18)	9,611,600	123,521,700	65,139,900	31,370,900	7,566,200	23,804,700
Transportation(13)	1,397,800	22,740,600	15,902,600	6,127,400	1,535,400	4,592,000
Utilities(74)	7,680,000	119,207,000	49,668,000	22,295,200	6,048,700	16,246,500
TOTAL(749)	\$119,966,200	\$1,939,027,600	\$1,220,759,200	\$573,516,700	\$204,126,900	\$369,389,700
Totals for 727 companies participating in 1976 Survey	\$103,295,200	\$1,689,047,900	\$1,014,639,000	\$501,690,700	\$181,952,600	\$319,738,100

* Total operating income.

** Net gains less policyholder dividends.

*** Net income less policyholder dividends and capital gains.

† Income less policyholder dividends.

‡ Earned premiums less policyholder dividends.

Note—Because of rounding, details may not add to totals.

apparel dropped from first to third, and primary metal rose from second to first. The principal gainer was mining, which jumped from eleventh to second.

When ranked by the percentage of educational support to total contributions, there were also seven of the top ten industries in 1976 among the top ten in 1977. The mining industry moved from third place in 1976 to first place in 1977; petroleum & gas was second in both years. The electrical machinery industry fell from first place in 1976 to sixth in 1977; pharmaceuticals moved up from seventh place in 1976 to third in 1977. The transportation equipment industry made the most significant gain, rising from 14th in 1976 to seventh in 1977.

Educational Support, by Size of Company

The relationships between total contributions and support of education, on the one hand, and PTNI, assets, and net sales, on the other, vary not only by industry but also by size of company. While it

is possible to show such variations for all companies participating in the Survey, the lack of homogeneity among companies in the nonmanufacturing industries makes it appropriate to make such comparisons only for the 386 companies in manufacturing. These data are shown in Table V.

The general pattern revealed by these figures for 1977 is identical to that from prior Surveys. There is an inverse correlation between company size and contributions expressed as percentages of PTNI, assets, and net sales. That is, the larger the company the smaller the percentages of its contributions to all three financial measures. This inverse correlation holds for total contributions, for educational support separately, and for noneducational contributions.

One of the implications of this inverse correlation is that a small number of large companies have a major impact on the overall results. For example, the 14 largest companies, all of which reported \$1 billion or more of PTNI, accounted for a disproportionate share of the totals for all 386

Total Contributions as a % of:			Educational Support as a % of:			Percentage of Total Contributions to:		Industry
PTNI	Assets	Net Sales	PTNI	Assets	Net Sales	Education	Welfare & Other	
.475	.065	.048	.191	.026	.019	40.3	59.7	MANUFACTURING(386)
.624	.088	.076	.282	.040	.034	45.2	54.8	Chemicals and
.616	.085	.071	.278	.038	.032	45.1	54.9	Allied Products(58)
.655	.101	.101	.301	.046	.047	46.0	54.0	Chemicals(43)
.486	.083	.071	.204	.035	.030	42.0	58.0	Pharmaceuticals(15)
.593	.065	.047	.174	.019	.014	29.3	70.7	Electrical Machinery(41)
.534	.073	.042	.187	.026	.015	35.1	64.9	Fabricated Metal(36)
.501	.070	.052	.180	.025	.019	36.0	64.0	Food, Beverage & Tobacco(40)
1.257	.038	.069	.610	.018	.034	48.5	51.5	Machinery(49)
.984	.098	.090	.244	.024	.022	24.8	75.2	Mining(12)
.265	.041	.031	.122	.019	.014	46.1	53.9	Paper and Allied Products(29)
4.144	.082	.075	1.628	.032	.030	39.3	60.7	Petroleum & Gas(26)
.827	.143	.111	.310	.053	.042	37.5	62.5	Primary Metal(16)
.724	.045	.033	.237	.015	.011	32.7	67.3	Printing & Publishing(9)
.775	.085	.068	.254	.028	.022	32.7	67.3	Rubber(9)
.924	.131	.078	.331	.047	.028	35.9	64.1	Stone, Clay & Glass(19)
.394	.063	.032	.156	.025	.013	39.5	60.5	Textiles & Apparel(19)
.485	.013	.045	.121	.003	.011	24.9	75.1	Transportation Equipment(23)
.866	.007	.116	.204	.002	.027	23.5	76.5	NONMANUFACTURING(363)
.705	.031	.063	.277	.012	.025	39.3	60.7	Banks(91)
.298	.049	.028	.134	.022	.012	44.8	55.2	Business Services(12)
.414	.011	.049	.118	.003	.014	28.5	71.5	Engineering & Construction(8)
.429	.008	.023	.135	.003	.007	31.4	68.6	Finance(16)
.478	.007	.022	.159	.002	.007	33.4	66.6	Insurance (Total)(107)
.337	.012	.028	.087	.003	.007	26.0	74.0	Life(69)
1.064	.095	.051	.172	.015	.008	16.1	83.9	Property/Liability(38)
.326	.025	.048	.079	.006	.012	24.1	75.9	Merchandising(24)
.438	.027	.039	.110	.007	.010	25.1	74.9	Telecommunications(18)
.290	.019	.045	.079	.005	.012	27.1	72.9	Transportation(13)
.478	.030	.047	.170	.011	.017	35.6	64.4	Utilities(74)
								TOTAL(749)
.486	.030	.049	.176	.011	.018	36.3	63.7	Totals for 727 companies participating in 1976 Survey

manufacturing companies—50.3% of PTNI, 30.0% of total contributions, and 35.9% of educational support. Their total contributions as a percentage of their total PTNI, however, was less than half as much as it was for the other 372 companies. If they had given at the same levels relative to PTNI as the other manufacturing companies in this sample, the total contributions of all 386 companies would have been 40.9% higher, and educational support 29.1% higher, than the amounts actually reported.

There is a direct correlation between educational support as a percentage of total contributions and company size, whether measured in terms of PTNI, assets, or net sales; that is, the larger the company, the larger the percentage.

Here, too, the largest companies have a disproportionate influence. If the support of education by all 386 manufacturers had been at the same level as a percentage of total contributions as was provided by the 14 largest companies (in terms of PTNI), the total dollar amount of educational support by the manufacturing companies would have been 19.6% higher than was actually reported.

Educational Support, by Marketing Area

Corporate aid to education differs geographically as well as by industry and by company size. Of the 749 participating companies tabulated in Table IV, 504 of them were headquartered in one of the major marketing areas shown in Table VI. These

Table V
Contributions by Manufacturing Companies, by Purpose, 1977

As a Percentage of Worldwide Pretax Net Income, by Size of PTNI

	Total	Education	Welfare & Other	% of Total Contributions	
				Education	Welfare & Other
Net Loss(11)					
Net Income less than \$5 million(37)	2.50	.91	1.59	30.0	70.0
\$ 5 million under \$ 10 million(32)	1.29	.40	.89	36.4	63.6
\$ 10 million under \$ 25 million(65)	.93	.29	.65	31.3	68.7
\$ 25 million under \$ 50 million(49)	.69	.19	.49	30.8	69.2
\$ 50 million under \$100 million(55)	.70	.28	.42	28.0	72.0
\$100 million under \$250 million(77)	.79	.27	.52	39.9	60.1
\$250 million under \$500 million(30)	.60	.22	.38	34.7	65.3
\$500 million under \$ 1 billion(16)	.48	.21	.27	37.1	62.9
\$ 1 billion and over(14)	.28	.14	.15	42.8	57.2
All Manufacturing Companies(386)	.48	.19	.28	48.2	51.8
				40.3	59.7

As a Percentage of Worldwide Total Assets, by Size of Assets

	Total	Education	Welfare & Other	% of Total Contributions	
				Education	Welfare & Other
Less than \$5 million(2)	.37	.15	.21	41.8	58.2
\$ 5 million under \$ 25 million(9)	.36	.19	.17	51.8	48.2
\$ 25 million under \$ 50 million(22)	.13	.04	.09	29.9	70.1
\$ 50 million under \$100 million(32)	.10	.02	.08	23.9	76.1
\$100 million under \$250 million(81)	.10	.03	.07	33.4	66.6
\$250 million under \$500 million(60)	.07	.02	.05	31.6	68.4
\$500 million under \$ 1 billion(49)	.08	.03	.05	37.1	62.9
\$ 1 billion under \$ 2.5 billion(78)	.08	.03	.05	34.4	65.6
\$ 2.5 billion under \$ 5 billion(29)	.08	.03	.05	41.7	58.3
\$ 5 billion under \$ 10 billion(13)	.05	.02	.03	45.9	54.1
\$ 10 billion and over(11)	.05	.02	.03	45.6	54.4
All Manufacturing Companies(386)	.07	.03	.04	40.3	59.7

As a Percentage of Worldwide Net Sales, by Size of Sales

	Total	Education	Welfare & Other	% of Total Contributions	
				Education	Welfare & Other
Less than \$5 million(0)					
\$ 5 million under \$ 25 million(3)	.21	.08	.13	37.3	62.7
\$ 25 million under \$ 50 million(17)	.14	.06	.07	46.0	54.0
\$ 50 million under \$100 million(18)	.11	.04	.07	37.4	62.6
\$100 million under \$250 million(75)	.06	.02	.04	28.6	71.4
\$250 million under \$500 million(65)	.07	.02	.05	31.9	68.1
\$500 million under \$ 1 billion(56)	.05	.02	.03	38.7	61.3
\$ 1 billion under \$ 2.5 billion(82)	.07	.02	.04	36.1	63.9
\$ 2.5 billion under \$ 5 billion(31)	.06	.02	.04	38.5	61.5
\$ 5 billion under \$ 10 billion(26)	.05	.02	.03	41.8	58.2
\$10 billion and over(13)	.03	.02	.02	45.4	54.6
All Manufacturing Companies(386)	.05	.02	.03	40.3	59.7

Table VI
Corporate Contributions to Education by Major Marketing Areas, 1977
(Ranked as a Percentage of PTNI)

Marketing Area, with Number of Companies Reporting	Worldwide Pretax Net Income (000)	Support of Education	Support of Education as a % of PTNI*	Total Contributions	Support of Education as a % of Total Contributions
Minneapolis-St. Paul(26)	\$ 1,875,500	\$ 7,607,800	.406	\$ 23,834,900	31.9
Des Moines(10)	229,100	847,700	.370	2,031,500	41.7
Pittsburgh(18)	4,415,600	13,522,600	.306	33,014,000	41.0
Cleveland(24)	1,819,000	5,106,200	.281	12,831,000	39.8
Akron(5)	732,800	1,735,100	.237	5,317,000	32.6
Milwaukee(17)	827,800	1,788,000	.216	5,199,900	34.4
St. Louis(11)	999,400	2,061,800	.206	8,418,300	24.5
Philadelphia(35)	4,068,600	7,666,300	.188	22,049,000	34.8
Boston(18)	1,619,200	2,862,000	.177	7,748,100	36.9
Cincinnati-Dayton(17)	1,763,800	2,967,300	.168	7,756,600	38.3
Chicago(60)	8,975,000	15,002,600	.167	49,628,800	30.2
Baltimore(10)	236,500	363,700	.154	1,627,500	22.3
New York, Westchester Southern Conn./N.J.(136)	47,448,500	72,646,500	.153	198,978,700	36.5
Los Angeles(25)	3,997,000	5,838,600	.146	20,024,800	29.1
Hartford(15)	2,417,000	3,271,700	.135	12,084,500	27.1
Detroit(15)	10,591,700	14,167,800	.134	35,138,200	40.3
San Francisco(25)	5,301,800	6,602,600	.125	18,999,100	34.8
Houston(13)	3,381,800	4,198,900	.124	9,498,400	44.2
Indianapolis(7)	598,800	703,200	.117	2,504,200	28.1
Dallas-Ft. Worth(17)	1,530,700	1,640,100	.107	6,319,000	26.0

* In view of the fact that some of the marketing areas are represented by a relatively small number of companies, major importance should not be attached to minor differences in the percentage figures.

areas are shown in rank order according to educational support as a percentage of PTNI.*

While there were several changes in the rank order of the major marketing areas from 1976 to 1977, there were only two changes that were significant. Akron moved from 13th in 1976 to fifth in 1977, and Los Angeles fell from tenth in 1976 to 14th in 1977. Otherwise, nine of the top ten areas in 1976 were also in the top ten in 1977, and nine of the bottom ten in 1976 were also in the bottom ten in 1977.

Four areas were in the top five in both 1976 and 1977. Minneapolis-St. Paul, which had been second in 1976, was first in 1977, and Des Moines went from first in 1976 to second in 1977. Pittsburgh and Cleveland, which had been fifth and third, respectively, in 1976, were third and fourth, respectively, in 1977.

Educational Support by Purpose

There is normally little year-to-year change in the allocation of corporate support of education by

Chart 8
Corporate Support of Education as a Percentage of Pretax Net Income, by Marketing Areas, 1977



* One company in the Los Angeles area erroneously included a significant amount of business expense as an educational contribution in the 1976 Survey. In order to make the 1976 and 1977 tables fully comparable, that amount has been deducted from the Los Angeles figures for support of education and total contributions in 1976. The percentage figures for education in the 1976 Survey report should have been 0.185 (rather than 0.308) in relation to PTNI, and 29.2 (rather than 42.7) in relation to total contributions. With this correction, Los Angeles ranked tenth (rather than third) in Table VI for 1976.

purpose. On a cumulative basis, however, some of the small changes from one year to the next add up to a significant trend. These data are shown in Table VII.

The most important division of corporate support of education is that between support of colleges and universities and other kinds of educational support. Excluding the amounts of support that were not allocated by purpose by the reporting companies, the share of the total that represents financial aid to the institutions of higher education has been relatively stable in the range of 72.6% to 74.6% in the period from 1974 to 1977. Although the 1977 figure is at the low end of the range, and although the 1977 figure represents a drop of two percentage points from the 1976 figure (corrected), there is no indication of any downward trend in the relative importance of institutional support. The 1977 data show very large increases over 1976 in the share of total support going to education-related organizations and to "other" educational support; while this is a reversal of the movement in 1975 and 1976, these categories are subject to such fluctuations due to large grants of a nonrecurring nature.

Capital Grants Decline in Importance

The most significant change in 1977 was in the area of capital support grants, the relative importance of which dropped by more than two percentage points versus 1976. Again, this is a category that is subject to random fluctuation of this mag-

nitude as a result of the timing of institutional capital campaigns and the payments made on major corporate pledges to such campaigns.

Unrestricted current operating grants continued to decline in relative importance in 1977 and have fallen by nearly three percentage points since 1974; had there been no such decline, the amount reported in 1977 would have been \$5.7 million, or 16.4%, greater than the amount actually reported in this category. This downtrend may be associated with a steady increase in the relative importance of employee matching-gift programs. A very large, but unknown, fraction of the dollar amounts disbursed through these programs is unrestricted as to purpose, and the remainder is merely a reflection of the restricted gifts made by the employees whose gifts were matched.

Support Through Matching Gifts Growing

The steady growth in the dollar amount and the relative importance of matching gifts is a reflection of (1) an increase in the number of companies with such programs, (2) the extension of these programs to include larger numbers of eligible persons, (3) an increase in the average size of employees' gifts, and (4) an increase in the number of companies with programs that feature multiple matching.

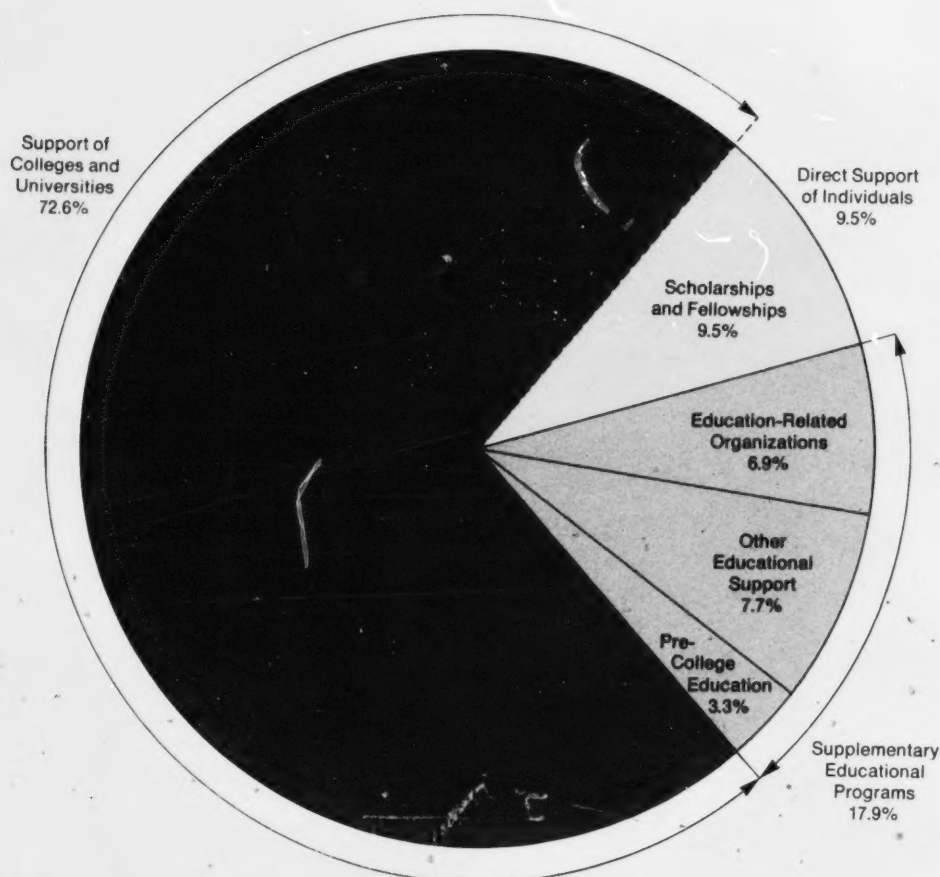
By the end of 1977, there were more than 700 companies known to have matching-gift programs; this compares with about 500 in 1972. An increasing number of companies have expanded their

Table VII
Purposes of Educational Support

	1977		1976*		1975	1974
	Amount	% of Total	Amount	% of Total	% of Total	% of Total
Support of Colleges and Universities						
Direct Grants:						
Unrestricted operating grants	\$ 34,780,000	17.6	\$ 32,106,100	18.8	20.0	20.5
Student financial aid	12,662,700	6.4	9,663,100	5.6	6.1	6.5
Departmental and research grants	31,558,700	16.0	29,012,100	17.0	16.3	15.3
Capital grants (including endowment)	31,067,000	15.7	30,355,200	17.8	16.5	16.9
Employee matching-gift programs	22,448,800	11.4	16,991,900	9.9	9.6	8.2
Total Direct Grants	\$132,517,200	67.1	\$118,128,400	69.1	68.5	67.4
Indirect Grants through State and National Fund-Raising Groups	10,929,100	5.5	9,331,600	5.5	5.5	5.8
Total Support of Colleges and Universities	\$143,446,300	72.6	\$127,460,000	74.6	74.0	73.2
Precollege Educational Institutions	6,434,200	3.3	6,413,000	3.7	3.6	4.1
Scholarships and Fellowships	18,711,200	9.5	15,869,500	9.3	9.5	8.7
Education-Related Organizations	13,715,000	6.9	9,754,800	5.7	5.6	6.6
Other Educational Support	15,226,000	7.7	11,440,000	6.7	7.3	7.4
Total	\$197,532,700	100.0	\$170,937,300	100.0	100.0	100.0
Unallocated	14,776,000		15,334,600			
Total Corporate Support of Education	\$212,308,700		\$186,271,900			

* Corrected data, see footnote, p. 9.

Chart 9
Corporate Support of Education, by Purpose, 1977*



*Based on data from 806 companies

programs to include annuitants, employees' spouses, outside directors, and other new classes of eligible persons. The average size of gifts matched in 1977 was reported to be \$131.89, which compares with \$127.28 in 1975. And the number of companies with multiple matching is now believed to be about 50; this compares with less than ten in 1974. In combination, these factors have caused an increase of more than three percentage points since 1974 in the relative importance of this form of corporate support of education.

One of the major forms of institutional support consists of departmental and research grants. Much of this support is earmarked for particular departments, schools, or other components of educational institutions but unrestricted as to purpose. This type of corporate support of education accounts for roughly one-sixth of the total, a fraction that has been relatively stable since 1974.

Student Aid Up Slightly in 1977

Another one-sixth of the total is designated for student aid. This form of support consists in part of earmarked grants to the institutions of higher education and in part of scholarship and fellowship programs that are administered either by the sponsoring companies themselves or by third parties. While the relative importance of all these programs taken together increased by a percentage point in 1977 over 1976, there is no indication of any trend during the last four years.

As indicated, the indirect support of colleges and universities channeled through state and national fund-raising groups has been constant at 5.5% of the total in each of the last three years. Corporate support of precollege education, on the other hand, has been declining in relative importance and in 1977 showed almost no dollar change versus 1976.

Industry Differences in the Distribution of Educational Support

The allocation of educational support by purpose, by industry, is shown in Table VIII for the 775 companies providing information on this subject. The column totals for this group of companies differ only slightly from the corresponding percentages given in Table VII.

An inspection of these figures reveals wide variations in the relative importance of the different types of educational support from one industry to another. Manufacturers as a group, for example, allocated significantly more of their support in the form of departmental and research grants and "other" educational support than did the nonmanufacturing industries. And nonmanufacturers collectively accorded significantly greater importance to unrestricted operating grants and employee matching gifts than was the case for the manufacturing industries.

Within each category of support, the range from the highest to the lowest percentage was very large. Unrestricted operating grants, for example, ranged from a high of 42.4% (merchandising) to

a low of 7.5% (pharmaceuticals); student financial aid from a high of 19.3% (fabricated metal) to a low of 0.6% (engineering & construction and finance). Departmental and research grants accounted for 31.5% for engineering & construction, only 1.9% for textiles & apparel. The differences were equally large for most of the other categories.

Four of the manufacturing industries reported more than 10% of their total educational support as "other." Although the content of this category is not known, it is possible that some of this support, like the "unallocated" dollars shown in Table VII, is properly allocable to one or more of the specific categories listed.

For these 775 companies as a group, 72.9% of their total support of education consisted of direct and indirect contributions to the institutions of higher education. The share for the manufacturing industries was 70.8% and that for nonmanufacturers was 79.8%. Only one industry, the textiles & apparel group, indicated that less than half of its educational support consisted of grants to colleges and universities.

Table VIII
Purposes of Educational Support, by Industry, 1977
(percentage distribution)

Industry and No. of Companies	Total Support of Education	Support of Colleges and Universities						Other Educational Support			
		Unrestricted Operating Grants	Student Financial Aid	Direct Grants			Indirect Grants	Precol. Educ. Inst.	Schol. & Fellow.	Educ. Related Orgns.	Other
				Dept. & Research Grants	Capital Grants	Empl. Match. Gifts					
MANUFACTURING(384)	\$154,051,896	15.1	6.5	18.5	15.2	10.2	5.3	3.5	9.6	7.3	9.0
Chemicals & Allied Products(57)	33,884,226	16.6	6.6	23.5	12.0	7.0	4.5	3.4	8.9	12.7	4.8
Chemicals(42)	25,885,439	19.4	7.4	22.2	11.4	6.3	4.4	3.9	7.0	13.6	4.2
Pharmaceuticals(15)	7,998,787	7.5	4.1	27.8	14.1	9.2	4.6	1.6	14.8	9.6	6.8
Electrical Machinery(44)	24,719,044	12.2	2.4	25.3	18.6	11.8	6.4	0.8	10.9	4.8	6.7
Fabricated Metal(38)	2,953,943	28.6	19.3	7.9	13.9	13.3	5.8	0.9	5.5	2.8	2.0
Food, Beverage & Tobacco(36)	9,750,257	18.5	8.1	24.5	10.9	9.1	7.9	2.6	11.2	5.6	1.6
Machinery(47)	7,401,738	18.1	6.5	5.5	22.4	7.8	8.9	1.5	4.4	4.4	20.5
Mining(11)	1,902,616	26.0	7.0	14.5	3.1	14.8	2.9	0.4	20.0	3.3	8.3
Paper and Allied Products(29)	5,024,318	22.7	6.0	5.5	21.8	8.4	8.4	4.1	10.7	10.4	2.0
Petroleum & Gas(24)	31,316,037	10.8	8.8	24.4	8.1	14.3	2.5	3.3	7.4	6.4	14.0
Primary Metal(17)	9,541,312	9.3	7.3	14.3	41.2	5.0	3.4	3.0	7.9	6.0	2.8
Printing & Publishing(10)	1,350,120	18.9	0.9	5.8	23.6	10.1	5.7	1.0	27.8	5.0	1.2
Rubber(10)	2,074,524	21.8	6.1	14.0	4.7	16.5	9.9	5.9	11.6	9.3	0.1
Stone, Clay & Glass(18)	2,626,327	12.8	3.3	6.3	28.7	15.0	6.7	2.8	16.0	4.1	4.4
Textiles & Apparel(20)	3,827,005	12.5	3.3	1.9	15.9	7.9	5.9	3.3	14.7	17.7	17.0
Transportation Equipment (23)	17,680,429	17.9	5.9	5.8	12.5	9.6	6.1	10.1	10.8	2.9	18.3
NONMANUFACTURING(391)	43,670,107	26.4	6.2	7.1	17.6	15.5	6.6	2.4	9.0	5.9	2.9
Banks(102)	8,621,176	25.1	4.5	5.4	29.7	15.9	4.5	2.7	3.4	7.0	1.0
Business Services(17)	2,418,087	18.9	12.4	5.1	1.9	40.3	2.3	1.0	9.0	6.2	0.8
Engineering & Construction(7)	1,066,310	28.6	0.6	31.5	5.8	21.6	0.5	1.2	4.6	5.6	
Finance(17)	1,123,877	48.0	0.6	2.9	8.2	5.6	5.4	6.0	10.1	7.3	0.1
Insurance (Total)(117)	10,512,666	16.8	8.5	7.1	11.1	27.1	7.5	4.0	10.2	5.1	2.5
Life(76)	8,252,807	13.1	8.9	7.3	11.5	29.2	8.0	4.6	10.0	4.8	2.4
Property/Liability(41)	2,259,859	30.0	7.1	6.3	9.8	19.4	5.9	1.8	10.8	6.3	2.7
Merchandising(26)	5,497,032	42.4	13.6	3.9	7.0	6.1	3.4	2.4	5.8	6.0	9.3
Telecommunications(19)	7,002,331	21.8	1.0	4.4	25.4	9.5	13.1	0.3	17.4	6.2	1.0
Transportation(12)	1,379,939	37.0	2.3	4.2	16.6	1.9	14.5	1.5	5.0	7.8	9.2
Utilities(74)	6,048,687	32.0	3.9	13.6	22.4	4.5	4.6	2.0	9.7	4.2	3.0
TOTAL(775)	\$197,722,003	17.6	6.4	16.0	15.7	11.4	5.5	3.3	9.5	6.9	7.7

Appendix I

The Problem of Measuring Corporate Contributions

The data on total corporate contributions shown in Table I on page 4 are widely quoted as the most authoritative measure of corporate philanthropy. These figures, which are compiled by the Internal Revenue Service, reflect a tabulation of all corporate contributions and gifts reported annually on corporate income tax returns. One of the by-products of the annual Survey of Corporate Contributions has been a growing understanding of the deficiencies of the IRS figures as valid measures of total corporate contributions in the everyday sense of that term.

The most important deficiency of the IRS data has long been recognized. The data reported by corporations for tax purposes refer to the contributions that are qualified as deductions in the computation of taxable income. Since the contributions to a company-sponsored foundation qualify as a deduction for tax purposes, they are included in the figures for total corporate contributions reported to the IRS. At the same time, these figures *exclude* the gifts and grants made by company-sponsored foundations to health, education, welfare, and other charitable areas. As a consequence, the net flow of contributions by corporations and their sponsored foundations is sometimes larger and sometimes smaller than the amounts tabulated by the IRS.

Indeed, the principal motivation for establishing a company-sponsored foundation is to insulate the flow of contributions from the ups and downs of the business cycle. In the typical case, the amounts given by a company to its foundation in a prosperous year will exceed the gifts and grants made by the foundation, thus enabling the foundation to accumulate a reserve against leaner times. Conversely, the amount given by a company to its foundation in a depressed year will typically fall short of the level of contributions made by the foundation, thus causing a decline in the foundation's reserves.

As indicated by the data in Table D on page 11, the difference between the grants made to company foundations and the contributions made by

company foundations can be significant, even for a sample as small as that represented by the companies participating in this Survey. For the corporate community as a whole, these differences are even more substantial, and they are undoubtedly the most important cause of the lack of validity of IRS data as a measure of corporate philanthropy.

There are, however, at least three other factors that have emerged from the Survey data, all of which relate to various provisions of the Internal Revenue Code that have no relevance to the actual contributions made by the corporate community. The first of these arises from the fact that the contributions deduction allowed by the Code in any given year is limited to 5% of taxable income in that year. Since taxable income is computed in accordance with the specific provisions of the Code, and since the Code provides for many exclusions and deductions that are not recognized in the generally accepted accounting principles used by corporations, taxable income is typically much smaller than pretax net income, and under many circumstances it can be very small indeed. It is not unusual, therefore, for a company's contributions to exceed 5% of taxable income, even though such contributions are less than 5% of PTNI. Given that the deduction for tax purposes is limited to the 5% figure, the excess is not reported in the year in which made; rather, it is "carried forward" for up to five years in accord with section 170(d)(2) of the Code.

This means that the contributions tabulated by the IRS for any given year will include some contributions carried forward from prior years by companies that had "excess" contributions in one or more of the preceding five years, and exclude any "excess" contributions that must be carried forward to succeeding years. While the magnitude of this discrepancy is unknown at this time, it is clear that it is more important than previously believed. When asked if the contributions amounts reported in the Survey were the same as reported for tax purposes, one-third of the participating companies responded with a "No" answer, and the majority of those indicated that the difference was due to amounts carried over either from the past or to the future.

Second, many companies avail themselves of the right to "prepay" some of their contributions under the provisions of section 170(a)(2) of the Code. This section permits contributions made during the first two and a half months of a given year to be taken as a deduction in the prior year, under certain stipulated conditions. To the extent

that the corporate community as a whole utilizes this provision, the IRS tabulation of contributions for any given year will include some amounts that were actually disbursed in the following year.

The third factor involves the special ways in which income taxes are computed for mutual insurance companies, mutual savings banks, savings and loan associations, and similar kinds of corporations. There are circumstances affecting the tax situation for a company in one of these industries in which the computation of taxable income is independent of the company's contributions. When this occurs, there is no reason for the company to report its contributions on its income tax return. Thus, the total contributions tabulated by the IRS will not include the amounts actually given by such companies whenever these circumstances arise.

It is clear, therefore, that the IRS figures shown in Table I are not a valid reflection of the amounts actually contributed by the corporate community.

For all the reasons indicated above, the total amount actually received by charitable entities from business corporations and their foundations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year. Other than the information shown in Table D, there are no data presently available that would permit an accurate adjustment of the IRS figures to accord with the actual flow of corporate contributions. Hopefully, the accumulation of additional information from the companies participating in the Survey in years to come will provide a basis for making such adjustments in the future.

It should be noted that the Survey findings in Part II of this report have been adjusted to reflect the actual contributions of corporations and their foundations on a combined basis. For this reason, the figures on corporate contributions, corporate support of education, and the related percentages in Part II are consistent with each other but not consistent with the IRS figures in Table I.

Appendix II

About This Report

This report presents some of the results of the fourth Annual Survey of Corporate Contributions, a joint project of CFAE and The Conference Board. Information concerning corporate support of areas other than education will be found in The Conference Board's publication, *Annual Survey of Corporate Contributions, 1977*. Although the information included in this report relates primarily to corporate support of education, the data are consistent with the tabulations published by The Conference Board in its more general report on corporate contributions.

The response of the corporate community to this joint Survey continues to be overwhelmingly favorable. Usable questionnaires were returned by 816 companies, a new record number. The average for the three previous years was 789. These rates of participation are substantially larger than those recorded by CFAE's Surveys of Corporate Support of Higher Education and by The Conference Board's Surveys of Company Contributions in years prior to 1974. While these samples are very small in relation to the total number of incorporated enterprises in the United States, they provide an excellent basis for the estimates presented in Part I of this report.

However, it is likely that the statistics derived from this Survey sample differ from those pertaining to the entire corporate community. To the normal sampling errors associated with samples of this size must be added the errors arising from the fact that the Survey does not have the characteristics of a random sample. Indeed, as indicated below, there are important biases reflected in this sample which the reader should keep in mind.

Despite these biases, the data from this Survey are of interest and value in that the 816 participating companies account for disproportionate shares of the dollar totals applicable to the entire corporate universe. In particular, these companies account for two-thirds of the total pretax net income and one-third of the total contributions and educational support of the entire population of nearly two million corporations in this country.

In addition, the data supplied by the Survey companies include information that is not available for the totality of the corporate universe. This includes the differences in giving patterns between

industries, between companies ranked by size, and between companies headquartered in different marketing areas. Of greater importance, the Survey provides information on the distribution of corporate contributions by purpose which is not otherwise available.

Definitions: Contributions

In Part II of this report, both total corporate contributions and corporate support of education are stated as though company-sponsored foundations were integral parts of the corporations themselves. That is, the data *exclude* grants by corporations to their own foundations and *include* grants by company foundations to charitable and educational recipients. This treatment of the data, although consistent with CFAE estimates of total corporate support of education, is inconsistent with the IRS figures for total contributions shown in Part I. The IRS data, which are tabulated from corporation income tax returns, *include* corporate grants to company foundations and *exclude* the contributions made by the foundations themselves.

Definitions: Financial Data

The information regarding sales, assets, and pretax net income in Part II are basically the figures reported by corporations to their stockholders and the financial community in consolidated financial statements. Pretax net income, therefore, includes income derived from overseas sources as well as income earned in the United States. This accords with the definition of corporate profits before taxes used by the U.S. Department of Commerce in compiling such figures as a component of the national income accounts (Table I).

As an alternative to these worldwide figures, some companies have expressed an interest in figures that exclude corporate sales, assets, and income associated with foreign operations. In an effort to be responsive to this interest and to gather useful information on the differences in corporate giving practices, the Survey questionnaire also included space for "U.S. Only" financial data. The basic tabulation of this information, together with the contributions figures from the reporting companies, is shown in Table C on page 10, together with similar information from the 1974, 1975, and 1976 Surveys.

To ensure the maximum possible comparability with previous Surveys and national data for the entire corporate community, the tabular material and charts in this report are based primarily on the

worldwide figures supplied by the participating companies. Comparable data on a "U.S. Only" basis may be found in many of the detailed tables in The Conference Board's report.

Survey Biases

Despite the favorable response of the corporate community and the increased reliability of the data, the derived statistics contain significant biases of which the reader should be aware. The greatest bias arises from the fact that the participating companies constitute a sample that is not representative of the entire corporate community. The Survey sample is heavily weighted by the largest companies in terms of sales, assets, and earnings, and the same bias is present in each of the industrial and geographic groupings. The sample also contains a disproportionate number of companies in the manufacturing and utility industries, and it significantly underrepresents companies engaged in construction, retail and wholesale trade, and business services.

The significance of these biases lies primarily

in the fact that, although the dollar amounts are large, the reported levels of corporate contributions as percentages of corporate earnings, assets, and sales are lower for the companies participating in these Surveys than they are for the corporate community as a whole. As indicated in Table V of this report and comparable tables in The Conference Board's report, these percentages are inversely correlated with corporate size. It is virtually certain, therefore, that a more representative sample of companies would show higher percentages than those presented in this report.

The indicated distribution of corporate contributions by purpose, shown in Tables VII and VIII, is also distorted by the overrepresentation of large corporations and the atypical industrial composition of the Survey sample. As shown in Table IV, corporate support of education as a percentage of total corporate contributions differs widely from one industry to another. While it is clear that a more representative sample would give a better indication of the distribution of corporate contributions, the exact size and character of the Survey biases in this respect are not known.

The Council for Financial Aid to Education (CFAE), a nonprofit service organization, promotes increased voluntary support of higher education by all sources, but especially by the corporate community.

CFAE was founded in 1952 by five prominent business leaders, the chairmen of United States Steel, General Motors, Exxon, Container Corporation and Armstrong Cork. The chairmen were Irving S. Olds, Alfred P. Sloan, Jr., Frank W. Abrams, Walter P. Paepcke and Henning W. Prentis.

CFAE staff members call personally upon hundreds of top-echelon businessmen every year to explain the financial needs of higher education and to enlist corporate support in meeting them. CFAE also conducts seminars and offers counseling services for corporate and college administrators. It publishes an annual report on voluntary support received by colleges and universities, an annual report on corporate support of higher education, special studies in fields related to educational philanthropy, "how-to" manuals and other materials designed to broaden the base of educational support.

CFAE sponsors the nationwide public service advertising campaign, "Give to the college of your choice," through the Advertising Council. This campaign has elicited as much as \$34 million worth of free time and space from the media in a single year.

CFAE itself neither solicits nor disburses funds for higher education. Originally funded by four major foundations—the Carnegie Corporation of New York, the Ford Foundation, the Rockefeller Foundation and the Alfred P. Sloan Foundation—CFAE now draws its support from more than 400 leading American corporations.

Single copies \$3.00 prepaid.
January 1979

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